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**FISCAL IMPACT STATEMENT**

**LS 6611**

**BILL NUMBER:** SB 340

**NOTE PREPARED:** Jan 22, 2011

**BILL AMENDED:**

**SUBJECT:** Charity gaming.

**FIRST AUTHOR:** Sen. Kruse

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** *Volunteer Ticket Agents:* The bill authorizes a qualified organization to use volunteer ticket agents (VTA) and specifies the conditions applying to the use of a VTA.

*Use of Charity Gaming Net Proceeds:* The bill specifies that charity gaming proceeds may be used to pay the salaries and benefits of a qualified organization's employees.

*Credit Card Purchases:* The bill authorizes a qualified organization to accept credit cards for certain sales occurring at an allowable event. It also prohibits the acceptance of credit cards or extending credit for the chance to play a game of chance or to purchase a licensed supply at an allowable event.

*Charity Gaming Adjusted Gross Revenue:* The bill excludes revenue from related activities occurring at an allowable event from the determination of a qualified organization's license renewal fee.

*Charity Gaming License Renewal Fees:* The bill provides that license renewal fees are capped at \$1,000 per event in the case of a license that authorizes multiple events or \$1,000 in the case of a license that authorizes a single event.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** *Charity Gaming Adjusted Gross Revenue:* The bill excludes revenue derived from related activities of an allowable charity gaming event from charity gaming adjusted gross

revenue. Charity gaming adjusted gross revenue is the basis for fees paid for annual and single-event charity gaming licenses. This could potentially reduce revenue from charity gaming license fees, with the revenue impact varying by license type. The precise reduction in revenue that may occur is indeterminable.

*Background Information:* Charity gaming license fees are based on the adjusted gross revenue an organization derived from charity gaming during the prior year (for an annual license) or the prior charity gaming event (in the case of a single-event license). Under current statute, adjusted gross revenue is the total gross revenue from charity gaming events and related activities minus deductions for cost of prizes, certain supplies, license fees, advertising expenses, and up to \$200 per day for facility rent. The renewal fees range from \$50, if adjusted gross revenue is less than \$15,000, to \$26,000, if adjusted gross revenue is at least \$3 M. Current statute does not define “gross revenue from related activities.” However, rules of the Indiana Gaming Commission (68 IAC 21-2-6(i)) specify that “sales of any goods, services, or other property sold in direct connection with or because of any gambling aspect of an allowable event must be included in gross receipts as a related activity for purposes of the qualified organization's renewal fee.” While annual revenue reports by charity gaming organizations indicate that concession income overall represents less than 1% of total gross revenue, this percentage varies. Annual bingo licensees generate about 80% of the gross charity gaming revenue, with concession income of roughly 0.5% of the gross. Conversely, festival licensees generate only about 2% of the gross charity gaming revenue, but concession income totals about 20% of the gross.

Charity gaming fee revenue is distributed to the Charity Gaming Enforcement Fund. Revenue remaining in the Fund after (1) the cost of charity gaming administration is subtracted, and (2) distributions are made to the License Control Division and the Gaming Control Division, is distributed to the Build Indiana Fund.

*Charity Gaming License Renewal Fees:* The bill caps license renewal fees at \$1,000 per charity gaming event for annual charity gaming licenses, and \$1,000 for a single-event charity gaming license.

(1) Assuming most, if not all, annual licensees are conducting at least one charity gaming event per week, the change will not affect revenue from annual licenses. All annual licenses allow events to take place either daily or up to three days per week.

(2) Based on gross revenue reports by single-event licensees in 2009, it's estimated that annual fee revenue from single-event licenses could be reduced by a minimal amount (<\$50,000).

*Background Information:* Annual charity gaming licenses authorizing multiple events during the year are: (1) the annual bingo license, the annual charity game night license, the annual water race license, and the annual guessing game license, which allow up to three events per week; (2) the annual raffle license and the annual door prize license, which allow an event each day; and (3) the annual PPT license, which allows daily sales of pull tabs, punchboard chances, and tip board chances. Licenses authorizing a single event are: (1) the special bingo license, the raffle license, the door prize license, the water race license, and the guessing game license, which allow one event; (2) the charity game night license, which allows up to six one-night events; and (3) the festival license, which allows one festival of up to four days in length.

### **Explanation of Local Expenditures:**

### **Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Gaming Commission.

**Local Agencies Affected:**

**Information Sources:** Indiana Gaming Commission, Charity Gaming Annual Reports, 2000-2009,  
<http://www.in.gov/igc/2479.htm>.

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